

May 2017

For professional investors only

Fund details

Portfolio managers	Thomas Vester, CFA Dafydd Lewis, CFA
Fund type	UCITS
Domicile	Ireland
Benchmark	50% MSCI Frontier Markets 50% MSCI Frontier Markets ex GCC
Inception date	01 December 2011
Fund size	US\$ 747.3m
Strategy size ¹	US\$ 1013.9m
NAV per share	US\$ 18.6672 (A Inc) US\$ 19.0828 (B Acc) US\$ 16.5893 (B Inc) US\$ 15.8765 (E Acc)
Min. initial investment	Class A - US\$50,000 Class B - US\$1,000,000 Class E - US\$10,000,000
Dealing day	every fortnight ²
Initial charge	Class A - up to 3% Class B - nil Class E - Contact Investment Manager
Investment management fee	Class A - 2.0% + 20% rel. perf. fee (HWM) Class B - 1.5% + 20% rel. perf. fee (HWM) Class E - Contact Investment Manager

Fund codes by share classes

ISIN A Inc	IE00B54MVM56
ISIN B Acc	IE00B4RLKV41
ISIN B Inc	IE00B5539788
ISIN E Acc	IE00B56QSA61
Bloomberg ticker A Inc	LGFMFAI ID
Bloomberg ticker B Acc	LGFMFBA ID
Bloomberg ticker B Inc	LGFMFBI ID
Bloomberg ticker E Acc	LGFMFCA ID

Administrator

State Street Fund Services (Ireland) Ltd.
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Contact details

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Email: info@lgminvestments.com
Website: www.lgminvestments.com

Dealing details

Dealing instructions must be received not later than 4:00 p.m. (Irish time) on the Business Day prior to the Dealing Day (Class A) and four Business Days prior to the Dealing Day (Class B and E). Subscription monies must be received in cleared funds no later than two Business Days after the Dealing Day.

Other details

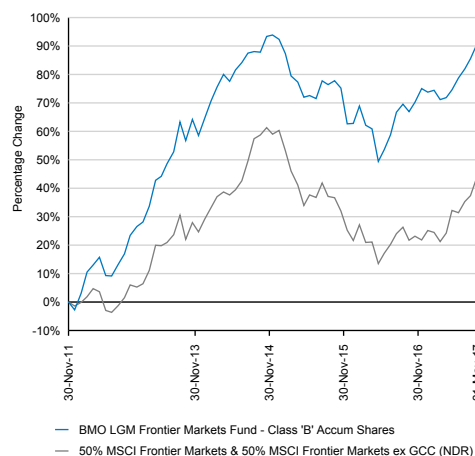
BMO LGM Frontier Markets Fund is a sub-fund of BMO Investments II (Ireland) plc, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland as a UCITS (undertaking for collective investment in transferable securities).

Key Investor Information Document and Prospectus are available from the Fund's Investment Manager, LGM Investments Limited.

Investment objective

The Fund aims for long-term capital growth through investment in an actively managed portfolio, primarily invested in equity and equity-related securities of companies in Frontier Markets worldwide. In exceptional circumstances, the Fund may invest in debt securities.

Performance since launch (%)



Performance data of BMO LGM Frontier Markets Fund (class B Acc) are in US\$ terms and net of investment management fee and performance fee. Investors should be aware that past performance should not be considered a guide to future performance.

Top ten holdings

Company Name	Country	% NAV
Vietnam Dairy Products	Vietnam	8.7
BGEO Group	Georgia	5.7
Commercial International Bank	Egypt	5.2
Eastern Tobacco	Egypt	5.1
Alicorp	Peru	4.9
Guaranty Trust Bank	Nigeria	4.9
Sonatel	Senegal	4.8
Pricesmart Inc	Costa Rica	4.4
Famous Brands	South Africa	4.2
United Bank	Pakistan	4.1
Total		52.0
No. of Holdings		42

Risk statistics

	Since Inception
Alpha (annual basis)	6.9%
Annualised volatility (fund)	11.0%
Annualised volatility (benchmark)	11.7%
Sharpe ratio ⁴	1.1
Tracking error (ex-post)	6.7%
Information ratio	0.8
Up market capture ratio	94.4
Down market capture ratio	54.1

¹ Total assets of all portfolio managed by LGM following a similar benchmark to the BMO LGM Frontier Markets Fund as at 31 December 2015. The capacity limit for the Frontier Strategy is US\$1bn. LGM will determine that capacity has been reached when both of the following conditions are met: 1) AUM in the Strategy reaches US\$1bn and 2) AUM as at 31 December 2013 (when we first announced the closure of the Strategy) plus all new flows (net) since that time exceed US\$1bn. As at 31 January 2016, there is some capacity available.

² Dealing Day means 'the 15th calendar day of each month (or the immediately preceding Business Day if it is not a Business Day) and the last Business Day of the month or such other day or days as may be determined by the Directors and notified in advance to Shareholders, provided that there shall be at least two such Dealing Days per month at intervals'.

⁴ Risk Free Rate: US T-Bill 3 Month.

⁵ Based on dividends received during the latest full calendar year divided by the dividends received during the previous full calendar year.

⁶ Calculated over 3 months.

⁷ Based on 3 months daily average.

⁸ Measured as the lesser of purchases or sales divided by the average strategy size for the rolling 12 months

*ROIC - Return on Invested Capital; ROE - Return on Equity; P/E - Price to Earnings

Source throughout the document: BMO Global Asset Management and Factset. Benchmark data source: MSCI. All MSCI index data is copyright and proprietary to MSCI.

Notice to investors in Switzerland: The Prospectus (Swiss Version), Key Investor Information Document, Articles of Association, Annual and Interim Reports in German, as well as further information, can be obtained free of charge from our Swiss Representative: Carnegie Fund Services S.A., 11, rue du Général Dufour, CH-1204 Geneva, Switzerland, Web: www.carnegie-fund-services.ch. The paying agent in Switzerland is Banque Cantonale de Genève, 17, quai de l'île, CH-1204 Geneva. The current prices can be found at: www.fundinfo.com.

This document is directed to those persons who have been classified as 'Eligible Counterparties' and 'Professional Clients' in accordance with FCA COBS4. It is issued by LGM Investments Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom and registered in England and Wales with Company Registration No3029249. Registered Office: 95 Wigmore Street, London, W1U 1FD. VAT Registration No. 662 9409 13

Performance as at 31 May 2017 (%)

	Fund	Benchmark
Since inception	90.9	44.2
Last month	2.9	5.0
Last 3 months	6.8	9.7
Last 6 months	11.5	18.9
Last 12 months	12.6	14.2
YTD	11.1	16.1
CY 2016	6.8	2.6
CY 2015	-9.3	-14.2
CY 2014	-1.5	1.8
CY 2013	34.7	24.8
Annualised Performance		
1 year	12.6	14.2
2 years	4.0	2.5
3 years	0.5	-2.9
5 years	11.8	8.2
Since inception	12.5	6.9

Portfolio characteristics*

	Fund	Benchmark
ROIC (non financials)	22.8%	14.3%
ROE (financials)	24.4%	16.3%
Net debt / Equity (non financials)	23.0%	28.0%
Equity / Assets (financials)	11.9%	11.9%
Dividend Yield	3.3%	3.9%
DPS growth ⁵	11.0%	15.9%
P/E (trailing 12 months)	17.3	15.0
P/E (12 months forward)	15.2	14.2
Weighted avg daily vol (US\$m) ⁶	2.5	4.5
Trading under USD 0.25m / day ⁷	17.3%	7.0%
Turnover rate (12 months) ⁸	17.7%	N/A

Market cap (US\$bn)

	Fund	Benchmark
< 1 bn	13.4%	7.2%
1-5 bn	68.7%	59.8%
> 5 bn	17.9%	32.9%
Weighted Average (US\$bn)	3.1	4.4

Sources: FactSet, LGM, BMO Global Asset Management, MSCI.

Data historic unless stated otherwise. Data may not be available for all portfolio and benchmark constituents. Please note that dividend yield is based on portfolio holdings and does not reflect the actual yield an investor in the Fund would receive.



Other details

BMO LGM Frontier Markets Fund is a sub-fund of BMO Investments II (Ireland) plc, an umbrella fund with segregated liability between sub-funds authorised by the Central Bank of Ireland as a UCITS (undertaking for collective investment in transferable securities).

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Portfolio managers

Thomas Vester, CFA, Chief Investment Officer and Portfolio Manager. Thomas joined LGM in September 2011. Prior to this, he was at BankInvest in Copenhagen for over 6 years, initially specialising in Latin America and then Eastern Europe and was the Portfolio Manager of the BankInvest Eastern European Fund. Thomas has also covered Asian equities and was seconded to BankInvest's Singapore office. From September 2007, he was responsible for the BankInvest Frontier Market mandates. He holds a MSc in Applied Economics and Finance from Copenhagen Business School and has a distinguished academic career including studying at Harvard Business School, London School of Economics, University of Southern California and National University of Singapore. Thomas is an Associate of the Brenthurst Foundation in South Africa. In 2014 Thomas was appointed CIO of LGM.

Dafydd Lewis, CFA, Portfolio Manager. Dafydd graduated with a BSc (Hons) in Economics from the University of Bath. He began his career in HSBC's emerging market equity strategy team in 2005 and relocated to Dubai at the beginning of 2007 to cover Middle Eastern equity markets. In 2008 he joined GAM's emerging market team in Dubai as an investment analyst with a primary focus on global frontier markets. Dafydd joined LGM in December 2011 as an Analyst focusing on Frontier Financials and in 2014 he became Portfolio Manager to support Thomas Vester.

Thomas and Dafydd are supported by a further dedicated Frontier Market analyst. Together they have an average of over 11 years experience and all are based in our London office.

About LGM Investments

LGM Investments is a specialist Asian, Global Emerging (GEM) and Frontier Markets equity manager. Our investment professionals are based in London and Hong Kong.

We are active bottom up stock pickers with a long-term perspective. Quality underpins all our investment thinking and results in nonindex driven, high conviction portfolios with outperformance potential.

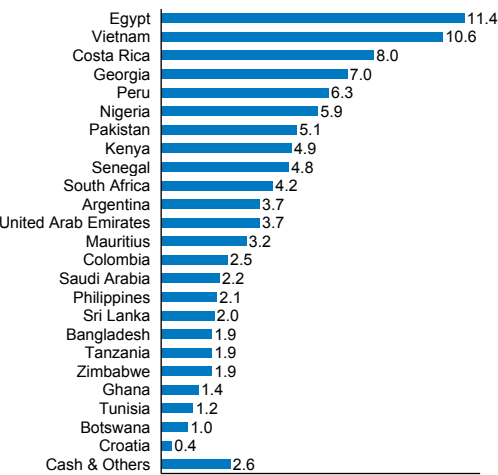
LGM Investments was established in Hong Kong in 1991 and became a wholly owned subsidiary of Bank of Montreal (BMO) in April 2011. It is part of BMO Global Asset Management.

Investment approach

Primary research is the cornerstone of our investment process. We research companies with a long-term view and wait for the opportunity to buy high quality companies without overpaying for their inherent quality.

Our focus on quality companies with sustainable business models generating substantial excess returns over their cost of capital through the cycle leads us towards asset light business models with modest capital needs; robust balance sheets; and proven management teams with disciplined capital management. We seek clear and fair alignment between majority and minority shareholders.

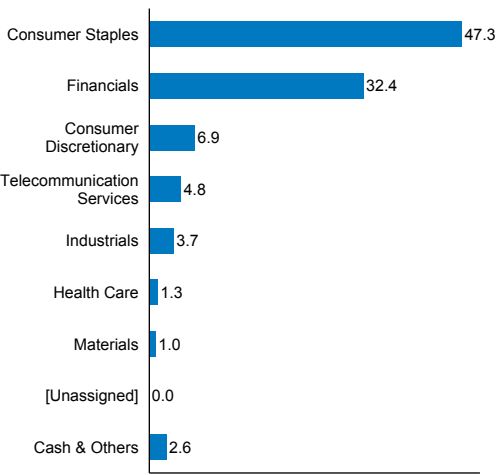
Geographic breakdown (%)^{9,10}



⁹ Other countries include countries with a weighting less than 1%.

¹⁰ Total may not be exact due to rounding.

Sector breakdown (%)¹⁰



Fund manager's commentary

May was another very strong month for frontier markets generally, with the portfolio also delivering positive absolute performance. On a year-to-date basis, the portfolio is trailing the index in this very strong up-market period. However, this is what we would expect given our investment approach. Looking longer term, the portfolio has delivered very strong results since inception both in absolute terms and relative to the index. This is exactly what we want to see.

Given the risks of investing in frontier markets we believe it is only appropriate to have a diversified portfolio. Hence the portfolio is more diversified than the benchmark. This can be seen in the top five country weights, which at the end of May stood at around 43% for the portfolio compared to almost 60% for the benchmark. The drawback of being diversified of course is that when the larger markets do very well, it will be a drag on relative performance. However, as we have seen time and time again, big markets have the ability to blow up and it is only then that one sees the true benefits of maintaining a diversified portfolio.

At the end of the month, MSCI upgraded Pakistan from its frontier to emerging markets index. When UAE and Qatar were upgraded in May 2014 we noted that we would not make any new investments into companies located in these two countries. This was because they had only really been frontier markets for technical reasons. Pakistan, despite its improvements over the last few years, in our view remains a frontier market. As such we will continue to include it in our universe.

The biggest portfolio change during May was the significant increase in the size of our investment in Eastern Tobacco. Eastern is very fortunate to have a monopoly on tobacco in Egypt which in turn allows it to generate very strong cash flows. This is in spite of the fact that it is majority owned by the government and, as such, is far less efficient than it could otherwise be. Our biggest issue in the past has been that not enough of these cash flows have been distributed back to shareholders while the previous management also had ambitions to expand internationally and to squander some of these cash flows on fruitless projects; a decision which had led us to reduce the size of our investment in the past. We were pleased to see during our meeting with the new CEO earlier in the year, that these projects had been scrapped and that Eastern was focused on its core business. However, we still remained unconvinced on the company's desire or ability to improve efficiency and to increase the level of its dividend pay-out, which at 40% sits well below international norms. This changed in May when we began to engage with the Chairman of Chemical Industries Holding Company of Egypt, which is the controlling shareholder of Eastern. As a state controlled entity our expectations were low but we must admit we were very pleasantly surprised. The Chairman truly seems to understand the issues at Eastern, and within the confines of being a government company, what can be done to improve it. It is very rare that investment cases change significantly but Eastern has the real potential to be just such a case. If even some changes are made, particularly our recommendation for a focus on higher pay-out ratios, then Eastern's valuations today will prove to be inexpensive. As such, we have been buying shares in the company over the course of the month and it is now among the largest positions in the portfolio.

The frequent reader may have noticed that over the last month there has been a sizeable increase in the net debt to equity of the fund, from 16.5% at the end of April to 23.0%. This is due to the reporting of numbers from Famous Brands, our South African quick service restaurant (QSR) company, where, combined with a reduction of dividends, they have taken on debt to finance the acquisition of Gourmet Burger Kitchen in the UK. Famous Brands is a strong cash generating business with an exceptionally strong management team who have proven over the years their ability to properly allocate capital. As such, whilst we don't usually like to see a trend of increased leverage and decreased dividend pay-out, in this case we believe it makes sense. We used share price weakness around the reported results to increase the position.

As at 31 May 2017

Risk warning

Investment involves risk. Share prices may fall as well as rise.
Funds invested in emerging markets and in smaller companies may involve a higher degree of risk. Exchange rates and currency fluctuations may affect the value of an investment.
Investment in LGM Funds may be unlawful in some jurisdictions.
This fact sheet is for general information only. Reference should be made to the Fund's offering documents for full details of the risks involved.
Past performance should not be seen as an indication of future performance. The value of investments and income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

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